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PROHIBITING THE SALE TO SAUDI ARABIA OF CERTAIN DEFENSE ARTICLES AND RELATED DEFENSE SERVICES

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Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S.J. Res. 316]

The Committee on Foreign Relations, to which was referred the joint resolution (S.J. Res. 316) prohibiting the sale to Saudi Arabia of certain defense articles and related defense services, having considered the same, reports favorably thereon without amendment and recommends that the joint resolution do pass.

PURPOSE OF THE RESOLUTION

The purpose of the resolution is to disapprove each of the proposed sales to Saudi Arabia about which Congress was formally notified on April 8 pursuant to section 36(b) of the Arms Export Control Act.

The sales to be disapproved by Senate Joint Resolution 316 total $354 million and include the following defense articles and services:

Nine hundred ninety-five AIM-9L Sidewinder missiles and associated spare parts, 30 Sidewinder training missiles, training, technical assistance and support equipment; total estimated value: $98 million;

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Six hundred seventy-one AIM-9P4 Sidewinder air-to-air missiles, spares, and support equipment; total estimated value: $60 million;

Two hundred basic Stinger air defense guided missile systems including 200 missiles, an additional 600 missiles, support and training equipment, spare parts, technical support and training; total estimated value: $89 million;

One hundred air launched Harpoon missiles with containers, spare parts, technical assistance and support equipment; total estimated value: $107 million.

BACKGROUND

The proposed sale of the Sidewinder, Harpoon and Stinger missiles is the latest step in a massive multi-year military supply relationship unprecedented in our history. Since 1950, sales of defense equipment, supplies, service and construction to Saudi Arabia have reached a total of $50 billion. By comparison, the Iranian arms sale program totalled $11.4 billion between 1950 and 1979, when it was terminated after the Shah's departure.

According to the U.S. Department of Defense, the United States has provided about $50 billion in defense articles and services to Saudi Arabia between 1950 and September 30, 1985.

U.S. MILITARY SALES AND DELIVERIES TO SAUDI ARABIA, 1950 TO SEPT. 30, 1985

[In billions of dollars]

	Delivered through Sept. 30, 1985	To be delivered ("pipeline")	Total
Weapons/ammunition	4.2	0.6	4.8
Support equipment includes noncombat ships and aircraft, such as AWACS	P 2.2	5.7	7.9
Spare parts/modifications	2.0	1.6	3.6
Support services	8.2	4.8	13.0
Construction	13.6	7.1	20.7
Total	30.2	19.8	50.0

The Saudi program has involved the construction of headquarters and training installations; air, ground and naval bases; and the ships, boats, airplanes, helicopters, armored vehicles, guns and bullets to outfit both restructured and newly created military forces. In the years between 1950 and 1973 only $2.3 billion was sold to Saudi Arabia: about $213 million worth of weapons and ammunition, $65 million in support equipment, $59 million in spares and modifications, and $2 billion in support services. In the 13 years since, $48 billion has been sold.

In December 1973, Saudi Arabia officially asked the executive branch to undertake a comprehensive survey of Saudi air capabilities and develop a 5-to-10 year plan to upgrade and modernize the Saudi Air Force. The executive branch responded that such a survey should encompass not just the air force, but the entire Saudi armed forces. The Saudi Government agreed and, in 1974, a 45-man DOD survey team reviewed the needs of the Saudi army, navy and air force. That study, and subsequent American efforts, have been the basis for the substantial buildup of Saudi forces and infrastructure which has been undertaken in recent years.

After extensive discussions and negotiations, which eventually involved President Carter, the executive branch proposed in 1978 the sale of 65 F-15s. The sale occasioned extensive hearings and debate. On the basis of certain assurances provided to the Congress and executive branch testimony as to intentions, Congress voted not to disapprove the sale, the Senate turning down a resolution of disapproval by a vote of 52-44.

In order to reassure some Members of Congress concerned both by the threat sales of the most sophisticated equipment to Saudi Arabia might pose to Israel and by the burgeoning nature of the Saudi program, the State Department promised Congress that the proposed F-15 sale would not lead to the sale of AWACS airborne radar system or of equipment to increase the range of ground attack capabilities of the F-15 and that the Saudi Air Force was not scheduled to get the advanced AIM-9L all-aspect Sidewinder missile. Nonetheless, by early 1980, the Saudis were requesting major new equipment, including AWACS aircraft and AIM-9L Sidewinder missiles. In 1981, the Reagan administration requested a package which included five AWACS aircraft and an F-15 enhancement package comprised of conformal fuel tanks to extend the range of the F-15s and AIM-9L missiles. The Administration justified the sale and the reversal of the 1978 promises by the Carter administration on the grounds of changed circumstances in the region, including the 1979 Soviet invasion and occupation of Afghanistan, the increased Soviet presence in South Yemen and Ethiopia, the 1979 Iranian revolution and its inherent threat to the Gulf states, and the Iran-Iraq war.

According to the Congressional Research Service, "Congressional opposition to arms for Saudi Arabia stiffened because Saudi Arabia did not support the 1978 Camp David peace agreements and joined other Arab states in ostracizing Egypt after the 1979 Israeli-Egyptian peace treaty. Also, there was a perception that the Saudis instigated the oil shortages and high prices of 1973-74 and the increased oil prices of 1979."

The considerable opposition to the 1981 AWACS sale led President Reagan to provide specific assurances to the Congress, in the course of the Senate debate on a resolution of disapproval. The President pledged, in an October 28, 1981 letter to the Majority Leader, Senator Howard Baker, that transfer of the AWACS "will take place only on terms and conditions consistent with the (Arms Export Control) Act and only after the Congress has received in writing a Presidential certification, containing agreements with Saudi Arabia," that specific conditions had been met in the areas of security of technology, access to information, control over third-country participation, AWACS flight operations, command structure and regional peace and security. Subsequently, this certification was codified into law (P.L. 99-83, August 1985).

For Senators concerned that the provision of sophisticated arms to Saudi Arabia might increase the threat of conflict and undermine progress toward a comprehensive settlement, the following condition cited by the President was of particular significance:

> That the sale contributes directly to the stability and security of the area, enhances the atmosphere and prospects

for progress toward peace, and that initiatives toward the peaceful resolution of disputes in the region have either been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia.

At the time of committee consideration of the proposed missile sale, the first AWACS deliveries were scheduled within a matter of months. There was considerable interest in the committee as to the extent to which the conditions cited by the President had been met, particularly with regard to progress toward a comprehensive settlement.

COMMITTEE ACTION

On March 11, the Committee on Foreign Relations was advised informally by the Director of the Defense Security Assistance Agency of the Reagan administration's intention to sell additional air-to-air Sidewinder missiles and anti-aircraft Stinger missiles, as well as air-launched anti-ship Harpoon missiles as an addition to the force of ship-based Harpoon missiles already in the Saudi inventory.

On April 8, the State Department provided formal notification of the proposed sale. On April 9, Senator Cranston introduced for himself and 60 cosponsors a resolution prohibiting the sale.

On April 17, the committee held a hearing on the Arms Relationship with Saudi Arabia and explored at length questions related to the proposed sale with Administration witnesses, the Honorable Richard W. Murphy, Assistant Secretary of State for Near Eastern and South Asian Affairs; and the Honorable Richard L. Armitage, Assistant Secretary of Defense for International Security Affairs. At that hearing, Senators Alfonse D'Amato and Frank R. Lautenberg testified in opposition to the sale.

The committee met in open session on April 23 to further discuss the sale. Following that assessment, the resolution of disapproval was approved by the committee by a vote 11–6. Voting for the resolution were Senators Boschwitz, Pressler, Murkowski, Trible, Pell, Biden, Sarbanes, Cranston, Dodd, Eagleton and Kerry. Voting against the resolution of disapproval were Senators Lugar, Helms, Mathias, Kassebaum, Evans and Zorinsky.

COMMITTEE COMMENTS

In reaching its decision that the proposed missile sale should be rejected, the committee was most mindful of the history of the military supply relationship with Saudi Arabia, the value of productive and mutually beneficial ties with that nation, and the present highly volatile situation in the Middle East.

The burgeoning threat of terrorism has led to the recent actions against Libya, which has become a fountainhead of state-supported terrorism, the Iran-Iraq war, and the stalemate in the quest for a comprehensive peace were all aspects of the situation which Members believed were essential to take into account.

If the Middle East situation were less volatile and if there was consistent evidence that Saudi Arabia was playing a constructive

role in advancing the peace process, undoubtedly this proposed sale, characterized by Administration witnesses as "routine", would have been far less troubling to some Members. Unfortunately, violence and turmoil are the continuing reality of the Middle East. Accordingly, many members concluded the time is long since past when a business-as-usual approach to our dealings with Middle East nations is tolerable.

It is imperative that we as a nation pursue peace in the Middle East with renewed energy and that we insist that others in the Middle East who profess a commitment to bringing an end to conflict in that region do so with deeds, as well as private assurances. It is crucial that those who will take brave steps for peace not be left to stand alone.

In this context, the proper question is not whether an Arab state is radical or "moderate", but whether it is a nation which foments or supports conflict and terrorism, or whether it is a nation which actively presses for an end to conflict and a just and lasting peace.

When measured by reasonable standards with regard to the peace efforts, most Members concluded that the Saudis have fallen short of the mark. Since more than 4 years have elapsed since the President established criteria to be met by the Saudis prior to delivery of the first AWACS and since the Administration hopes that deliveries will begin this summer, it is appropriate to measure Saudi performance by the President's standard.

In the view of most Members, the case for "substantial assistance" by Saudi Arabia, referred to in the 1981 letter, cannot be substantiated. Although the Administration could point to Saudi involvement in various group efforts, the caveat was applied, as in an April 1986, Administration white paper on the sale, that these efforts have been made "within the context of the Arab consensus." In effect, this represents an acknowledgment of extremely limited contribution to peace over the course of many difficult years in which decisive, vigorous leadership by the Saudis could have made a definite difference.

Moreover, limited Saudi efforts to help in peace efforts must be viewed together with numerous Saudi positions and undertakings which do not contribute to the cause of peace in the Middle East.

Examples include:

—The decision to terminate economic assistance and to break diplomatic relations with Egypt after President Sadat made peace with Israel in 1979. That shabby treatment of Egypt continues.

—The failure of the Saudi Government to support the President's own peace proposal in 1982. The continued lack of active Saudi backing for that and subsequent efforts is a key factor in the present stalemate.

—Failure to stand more visibly in support of King Hussein in his own peace initiatives in recent years.

—Continued funding of Syria, which continues to support terrorism and worked actively to oppose American efforts in Lebanon.

—Continued financial support for the Palestine Liberation Organization, which unrelentingly foments terrorism. Defenders would argue that the funds do not go to the military activities

of the PLO. But no credible mechanism is available to ensure this. Moreover, since money is fundable, the key issue is not the PLO activities to which assistance is ostensibly provided, but the level of support itself.

—Most recently, following the U.S. raid on Libya in response to terrorist activities, the Saudi Government declared "its great regret and condemnation of the attack" and stated that it "denounces such a method" of dealing with the problem. One Member noted the curious inconsistency in the Administration's strike against a nation committed to terrorist activities while arguing for more arms to a nation which underwrites terrorism.

The Saudis have attempted to maintain political ties across a broad spectrum, from the United States on the one hand to those who direct terrorism on the other. While supporting the goal of pressing the Saudis toward policies more consistent with those of the United States, some Members noted that to ask substantially more from the Saudis might be to ask more than they can be reasonably expected to give. If so, it was noted, then a wiser course for the United States would be a restrained military supply relationship with the Saudis.

Most Members do not view the composition of the package as being a decisive factor in the committee's decision to recommend that the sale be prohibited. Among the weapons already delivered to Saudi Arabia, according to published sources, are: about 1100 AIM-9L and 660 AIM-9P missiles; 400 Stingers and 200 launchers; and about 100 Harpoon ship-to-ship missiles. Although the numbers of such missiles, if this sale is approved, will be substantially in excess of Saudi defense needs, the committee did not vote to disapprove the sale on this basis. Rather, the committee finds that, absent any evidence of Saudi cooperation in the peace process, further sales of weapons and military services are unjustified.

In this connection, the Administration's argument that this sale is predicated on a need to respond to any emergency or threat arising from the long-simmering Iran-Iraq conflict is flawed. The President already possesses sufficient authority to provide equipment such as that which is proposed in this sale, pursuant to Section 36(b)(1) of the Arms Export Control Act. Such authority was invoked in 1984 to provide Stinger missiles for Saudi air defense. The committee fails to see the urgency of this sale given the simple fact that delivery of the missiles to be sold will not begin until 1989 and will not be completed until 1991.

The proposed sale has once again been characterized as a test of American "reliability and our credibility." The committee rejects the imposition of this as a criterion. Moreover, the committee believes that now is the time for Saudi Arabia to demonstrate its commitment to peace in the region.

It has become standard executive branch practice over several administrations, under strong Pentagon prodding, to whet the Saudis' appetite for advanced arms and then to inform Congress that those arms the Saudis have been convinced to seek must be provided lest a relationship be jeopardized. Last year, when Congress became concerned, the Administration retreated and the Saudis turned to the British for aircraft. Unfortunately, too many

will draw the conclusion that this episode demonstrates that either we sell or others will. Instead, the episode demonstrates both that the executive branch sorely needs to repair its consultative relationship with Congress and that the United States needs to consult and work with other arms suppliers lest all meaningful constraints on sales disappear.

COST ESTIMATE

Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate requires that committee reports on bills or joint resolutions contain a cost estimate for such legislation in the fiscal year it is reported and in each of the following 5 years. The resolution of disapproval, if approved by both Houses of Congress, would not involve any additional direct cost to the U.S. Government.

EVALUATION OF REGULATORY IMPACT

In accordance with Rule XXVI paragraph 11(b) of the Standing Rules of the Senate, the committee has concluded that there is no regulatory impact from Senate Joint Resolution 316.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes are made by this joint resolution.

ADDITIONAL VIEWS OF SENATORS LUGAR, MATHIAS, KASSEBAUM, EVANS, AND ZORINSKY

We oppose Senate Joint Resolution 316, the resolution of disapproval that would prohibit the sale of three types of missiles to the Kindom of Saudi Arabia. In our judgment, the sale should be approved because it will help the United States retain viable relationships with friendly, pro-western states in the region without adversely affecting the military balance in the Arab-Iraeli conflict. Our refusal to approve this sale would distance us from those regimes whose support we need to help resolve problems of mutual concern.

In the many years that we have had the privilege of serving in the U.S. Senate, there have been many controversial military sales, almost all of which have been to countries in the Middle East. The proposed sale before us today is, in our view, one which should not be as controversial as it has become. It is a modest sale which adds no new capabilities to the Saudi armed forces. We don't want to minimize the importance of the sale but rather to point out that we risk serious and possibly long-lasting injury to our foreign policy interests in the Middle East if we deny a friendly pro-western regime the basic tools it needs to defend itself. Ultimately, the damage will be more political than military, as friendly states question our reliability in addressing the multiple security problems in the area. It will also encourage our adversaries to take advantage of fractures in traditional U.S. relationships in the region.

If the overriding basis for judging whether to go forward with this sale is the extent to which it will advance our foreign policy interests, the following arguments offer some of the more important reasons for doing so.

It is absolutely essential to our regional policy that we maintain viable relationships with friendly and moderate states in the Middle East. If we fail to do so, we risk not only losing whatever leverage we now have, but we also run the risk of weakening Israel's security as well. There is no country more concerned with Israel's security than the United States. Other countries which could easily provide the same types of missiles will not protect Israel's interests to the extent we can and will. Israel's interests are a lower priority for them. If the Saudis are turned down on this request, they will go elsewhere as they did when they purchased the Tornado. The results of that sale are already a net reduction in Israel's security and denial of this sale would add a further loss. We need to think very hard about this.

We must think about a second reality in the region. Despite the frustrations we all feel about the slow progress toward Middle East peace, there have been positive changes in recent years in the relations between Israelis and Arabs. When compared to previous decades, these changes have been major ones. Instead of turning our

back, we should nurture, encourage and facilitate these changes. We cannot do this by disengaging from the region or blocking a military sale which breaks no new ground.

Over the past several years, we have seen the Israeli-Egyptian peace treaty, the Sinai accord, and several conflict settlements in Lebanon involving Israel and Arab states. We have also seen sincere attempts by King Hussein to initiate peace negotiations with Israel. The King was able to do this in part because of Saudi assistance payments to Jordan. Earlier, King Fahd authored a peace plan for the region. The Saudis have been helpful in Lebanon. They have pushed for a settlement in the Iran-Iraq war. They have provided assistance to the Afghan freedom fighters and to Morocco whom we also assist. We believe it is in our interests to prod the Saudis at every opportunity to play an even more active and positive role. We cannot expect them to respond to our requests, however, if they believe we have disengaged from their security concerns. We must also remember that even our close allies do not always agree with us on all issues.

Our paramount goals in the Middle East are to further our national security interests. Advancing the peace process, containing the Iraq-Iran war, limiting Soviet influence in the area and maintaining access to energy supplies are all ways of advancing our interests. Our military assistance can further these interests by helping friendly states protect themselves against external aggression. For 30 years, our security assistance and arms sales programs have been a primary instrument for achieving these objectives. They have helped to develop the trust and confidence among regional states in our actions and intentions. Because of our success, the Soviets have played only a peripheral role in the region. We should not unilaterally forsake what has been a successful foreign policy vehicle. We are not sure how we would accomplish the same security and foreign policy goals absent credible military relationships in the area.

Although this sale is primarily proposed for security and political purposes, we cannot ignore the economic benefits. The proposed missile sale is a direct cash sale, involving no U.S. financing, credits, or subsidies. It would bring capital directly into the U.S. economy. We stand to lose up to $20 billion in U.S. revenues over the life of the Saudi Tornado purchase because we opted out of that process. Disapproval of this missile sale will result in the loss of more than $354 million in revenues. Together, these two cases would cost the United States hundreds of thousands of man-year jobs throughout our economy. The economic loss could be even greater as there could be spill-over into civilian purchases from the region as well.

This sale, coming 5 years after the last major arms agreement to Saudi Arabia, is a concrete demonstration to moderate and radical states that the U.S. connection can make a difference. It will send a signal to Tehran that we are serious about assisting the Saudis and other pro-western Arab states and that we are ready to honor our commitments to their security. This is particularly important as the Iran-Iraq war now appears to have shifted in favor of Iran—at least for the moment—and poses a more serious threat to Saudi Arabia and other regional states. Finally, it will signal that in the aftermath of the Libyan strike, we will make the distinction be-

tween radical and moderate Arab states. This distinction will appear to be blurred if we fail to respond favorably to this and other legitimate requests.

Some argue that we would be doing the Saudis a favor by selling them these missiles and that this would be interpreted as a reward for their current attitude toward terrorism or Middle East peace. This sale is not a favor or a reward to the Saudis. Rather, it is a sale based on the calculation of our interests in the area. Providing these missiles is not a signal of approval to the Saudis, it is a way of maintaining our intermediary role in Middle East politics.

Our refusal to sell these weapons would be a diplomatic blow which would isolate us from those states in the area who play a role in resolving regional problems. We would be driving the Saudis, and probably other friendly Arab states, to purchase more military equipment from the Europeans, or even the Soviets, a decision they clearly do not want to make but may feel compelled to make as we isolate ourselves from the problem of the region. It would be an invitation to the Soviet Union to play a more active role in the area. This would not be in anyone's interests—ours, the Saudis or the Israelis. We're convinced that our refusal to provide these missiles would exacerbate the problems of the region by playing into the hands of terrorists and by driving a wedge between us and Arab states.

In sum, this sale may not provide all the security the Saudis need to deter Iran in the Persian Gulf, but refusal on our part to approve the sale will have enormous symbolic significance and lasting adverse effects on our interests—as well as those of the Saudis and the Israelis.

ADDITIONAL VIEWS OF SENATOR JESSE HELMS

At the present time, I do not favor the sales to Saudi Arabia. During the hearing on April 23, I asked numerous questions of the representatives both of the State Department and the Defense Department about frequent reports of the continued support by Saudi Arabia for terrorist operations of the PLO. These reports are persistent and persuasive.

I voted against reporting the resolution to disallow sales because I was dissatisfied with having to deal with this complex issue on an expedited schedule. I was even more dissatisfied that the Administration failed to deal with the issues I raised during the hearing on a forthright basis. The examples I was able to present with the limited resources available to an individual Senator were necessarily fragmentary. I asked for a report, in writing, which would confirm or deny the total amounts of assistance provided by Saudi Arabia to the terrorist groups, so that Senators could exercise informed judgment.

The Administration did not provide these facts. I was convinced that the committee should not act without complete information, and I was not yet ready to vote to disallow the sale. Issues should be decided on principle, and not on the basis of pique against bureaucrats.

Nevetheless, the timetable will require us to act on this issue very shortly on the Senate floor. I leave open the possibility that the Administration may provide information that is persuasive for rejecting the resolution, but nothing I now know would suggest that it should be rejected. My present disposition is to vote in favor of disallowing the arms sale when the issue comes to the Senate floor.

I asked a number of questions relative to reports in the press of continued Saudi financial support to the PLO and the Palestine National Fund, even though the Palestine National Fund's own reports complained that Yassir Arafat had diverted the Saudi payments to the PLO military account. Yet even though Saudi Arabia knew the funds were being diverted to military purposes, the Saudis continued to send more money.

I asked about alleged diversion of U.S. weaponry to the PLO, particularly the issue of 75 mm shells found in the hands of the PLO in Lebanon, shells which had been manufactured in the U.S. Army Ordinance Plant and delivered to Saudi Arabia. I supplied the committee with photographs of crated 75 mm ammunition, as well as a shipping tag showing the shipment numbers. The State Department apparently did not feel that it was necessary to check out these numbers.

I am still waiting for detailed confirmation or denial of both categories of information. The reports I cited were from the press and from monitoring of foreign broadcasts, as well as some published

documents of the PLO. But I want an official confirmation, in writing, from the U.S. Government. I want to know the total of actual Saudi support for the Palestine National Fund and the PLO, not just generalizations based on pledges of support. I want to know about the diversion of the 75 mm shells. I want to know of any other examples of diversion.

I also asked for information about Saudi arms purchases from other countries for delivery to the PLO.

We heard a lot of talk from the Administration about how the Saudis are proponents of peace in the Middle East. Well, perhaps they are, but the record apparently shows that they are also supporting terrorist activities.

On the other hand, I am also disturbed by reports in the news a few days ago of an attempted $2 billion diversion of U.S. arms to Iran, including allegations from unnamed Administration officials that the Israeli Government had some knowledge of the plot. Does the Administration really believe that the Israel Government has some complicity in shipping arms to Iran at the same time we are being asked to sell arms to the Saudis to counteract Iranian threats of aggression?

I think that U.S. policy still needs a lot of explanation, and it appears that the only way we will get it is to debate these issues on the Senate floor.

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